HUBACHER & AMES, PLLC

November 12, 2018

<ins>*Via Electronic Filing*</ins>

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Ex parte* notice in *Accelerating Broadband Deployment,* GN Docket No. 17-83; *Petition of the Multifamily Broadband Council Seeking Preemption of Article 52 of the San Francisco Police Code*, MB Docket No. 17-91; *Improving Competitive Broadband Access to Multiple Tenant Environments*, GN Docket No. 17-142.

Dear Ms. Dortch:

On November 8, 2018, representatives of the National Multifamily Housing Council ("NMHC") met with Commissioner Jessica Rosenworcel and Umair Javed in connection with the above-listed dockets. The issues discussed at the meeting are described in the attached materials, copies of which were provided to the participants.

The NMHC representatives at the meeting were: David Schwartz, CEO of Waterton Residential and Vice Chair of NMHC; Lela Cirjakovic, EVP for Operations of Waterton Residential; Betsy Feigin Befus, General Counsel of NMHC; Kevin Donnelly, Vice President, Government Affairs at NMHC; and the undersigned.

Please let me know if you have any questions or need additional information.

Very truly yours,

HUBACHER & AMES, P.L.L.C.

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Views of the National Multifamily Housing Council on Broadband Infrastructure Deployment Issues

Executive Summary

I. The Apartment Industry and the National Multifamily Housing Council.

Established in 1978, the National Multifamily Housing Council ("NMHC") represents the leadership of the $1.3 trillion apartment industry. NMHC members engage in all aspects of the apartment industry, including ownership, development, management, and finance, providing apartment homes for the 38.8 million Americans who live in apartments today. More than one-third of American households rent, and 18.9 million U.S. households live in an apartment home (buildings with five or more units). There are over two million rental apartment buildings in the United States.

II. NMHC's Position On the Pending Proceedings.

- NMHC supports the Multifamily Broadband Council Petition because the San Francisco ordinance will reduce the quality of service and hinder deployment of new facilities.
- NMHC opposes further steps toward regulation in the areas addressed by the Multiple Tenant Environment Notice of Inquiry because the Commission's existing rules are already advancing multi-tenant broadband deployment effectively.
- Finally, NMHC opposes Article 8 of the BDAC's proposed Model State Act because it would force the rental apartment industry to subsidize the deployment of broadband infrastructure.

III. NMHC Supports the Commission's Policy Goals.

The rental apartment industry promotes competition and access to communications services by creating densely populated markets for the economically efficient deployment of new services and new providers. Every time a new rental apartment property is built, the market for communications services expands. The apartment industry is very competitive and owners are keenly aware of the need to provide residents up-to-date communications services.

A. <u>This Debate Is Really About Whether the Commission Should Help a Handful Of Potential Competitors Carve Up the High End of the Market</u>.

- Providers control the market. There is a lack of competition in the market today, but it is in the smaller, less lucrative buildings that competitive providers choose not to serve.
- Rental apartment owners want to offer residents a full range of advanced communications services and a choice of providers.
- Apartment owners often bear or share broadband infrastructure costs: These decisions are made property by property, based on the best business judgment of providers and owners.

B. <u>The Commission's Existing Rules Are Sufficient</u>.

- The Commission's ban on exclusive building access agreements has been effective.
- Exclusive use of wiring benefits residents because it protects the quality of service.
- The concerns of competitive providers regarding exclusive marketing terms are overstated.
- Bulk billing remains an essential tool, especially for student and senior housing, and communities serving residents with low incomes.
- The best approach remains to let negotiations between owners and providers proceed.

November 5, 2018

VIEWS OF THE NATIONAL MULTIFAMILY HOUSING COUNCIL ON BROADBAND INFRASTRUCTURE DEPLOYMENT ISSUES CURRENTLY BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

I. INTRODUCTION TO THE NATIONAL MULTIFAMILY HOUSING COUNCIL.

Established in 1978 and based in Washington, D.C., the National Multifamily Housing Council ("NMHC") is a national association that represents the leadership of the $1.3 trillion apartment industry. NMHC members engage in all aspects of the apartment industry, including ownership, development, management, and finance, providing apartment homes for the 38.8 million Americans who live in apartments today. NMHC advocates on behalf of rental housing, conducts apartment-related research, encourages the exchange of strategic business information, and promotes the desirability of apartment living. More than one-third of American households rent, and 18.9 million U.S. households live in an apartment home (buildings with five or more units).

As a leading advocate for the rental apartment industry, NMHC has participated in numerous FCC proceedings, including the pending *Petition of the Multifamily Broadband Council Seeking Preemption of Article 52 of the San Francisco Police Code*, MB Docket No. 17-91 (the "MBC Petition"), and the related Notice of Inquiry in *Improving Competitive Broadband Access to Multiple Tenant Environments*, GN Docket No. 17-142 (the "MTE NOI"). NMHC has also submitted its views on the Model State Act proposed by the FCC's Broadband Deployment Advisory Committee ("BDAC"). This statement summarizes NMHC's position in those matters and offers additional information on how the existing marketplace is meeting the Commission's goals.

II. THE APARTMENT INDUSTRY AND THE IMPORTANCE OF BROADBAND

The multifamily rental housing industry supports the FCC's efforts to bolster broadband deployment across the nation. With the rise of e-commerce, a shift in how consumers access media and our ever-increasing reliance on the internet for basic functions, broadband connectivity is a top priority for the apartment industry.

Apartment firms prioritize superior broadband deployment in their communities and look for solutions that support connectivity for the property and residents alike. In this light, the apartment industry's position is that the FCC must avoid counter-productive measures that could harm investment, constrain competition, limit consumer access to broadband service and even raise the cost of developing multifamily housing. Further, existing federal regulations that govern communications services for rental apartment communities recognize the importance of negotiating agreements between apartment owners and service providers to foster market competition, higher service standards and competitive prices.

II. NMHC'S POSITION ON THE PENDING PROCEEDINGS.

NMHC supports the MBC Petition because the San Francisco ordinance will reduce the quality of service and hinder deployment of new facilities. Communications providers of all kinds are reluctant to maintain or deploy facilities that they must share with competitors. The San Francisco ordinance strongly resembles the FCC's former unbundled network element (UNE) rules, which reduced fiber deployment and did little to promote competition.[1] Furthermore, the San Francisco law is preempted because the Commission has already adopted policies governing infrastructure deployment.

NMHC opposes further steps toward regulation in the areas addressed in the MTE NOI because existing rules advance the Commission's goals for multi-tenant broadband deployment. By banning exclusive service agreements, the Commission ensured that property owners would retain the option of giving their residents access to competitive providers. Further action is not needed because the primary challenge to improved broadband deployment for rental apartment owners and their residents is the lack of competition outside of the most lucrative sectors of the rental apartment market. As discussed below, this lack of competition arises out of the business plans of broadband providers and practical limitations on their ability to extend their networks; further regulation of the relationship between property owners and providers is unlikely to affect those dynamics without distorting the market in other ways.

Finally, NMHC opposes the Article 8 of the BDAC's proposed Model State Act because it would force the rental apartment industry to subsidize the deployment of broadband infrastructure. Placing the burden on the multifamily industry to build infrastructure is both unfair and likely to slow deployment in much the same way as the UNE rules cited above. It is also beyond the scope of state authority to promote deployment of an inherently interstate service in this fashion..

III. NMHC SUPPORTS THE COMMISSION'S POLICY GOALS.

The rental apartment industry has a long history of promoting competition and access to communications services by creating densely populated markets for the economically efficient deployment of new services and new providers. Their economies of scale make apartment

[1] As Chairman Pai has stated, "in the last two decades, the FCC has had much experience with unbundled network elements (UNE)—essentially, a system under which Company A builds something and Company B gets to lease it at government-approved rates. The UNE rabbit hole shows how forcing carriers to offer their networks at regulated rates can wreak havoc." *Business Data Services in an Internet Protocol Environment,* 32 F.C.C.R. 3459 (2017), at 3644 (Statement of Chairman Ajit Pai). For the same reasons, the San Francisco ordinance will reduce the willingness of incumbent providers to invest in new infrastructure inside buildings.

properties very attractive to telephone companies, cable operators, SMATV providers, and now broadband providers. Every time a new rental apartment property is built, the market for communications services expands.

In fact, the goals of the FCC and of rental apartment owners are closely aligned. In the past, owners wanted communications services because their residents demanded it. Today, owners want multiple providers for the same reason: resident demand. Providers, on the other hand, are asking the government to intervene in support of their particular business models. Providers are not interested in expanding access to the public or promoting an entire industry – they are selling access only to their own particular brand of service, in the locations they have chosen to serve, on standard terms, to a mass market of undifferentiated subscribers. The apartment industry is very different. To succeed, rental apartment owners must address the particular needs and complaints of every resident, and every interaction between on-site staff and a resident is part of a personal, human relationship. Apartment owners strive not just to satisfy, but to anticipate, resident desires and expectations in order to attract and retain them.

There are over two million rental apartment buildings in the United States. This is a very large market, yet much of it does not benefit from broadband competition because it is service providers, not property owners, who drive the market for access.

A regulatory scheme that does not account for the actual behavior and incentives of broadband providers will not achieve its goals. NMHC therefore urges the Commission to refrain from new regulation or from encouraging states and local governments to intervene in the existing market.

A. This Debate Is Really About Whether the Commission Should Help a Handful Of Potential Competitors Carve Up the High End of the Market.

- **Providers control the market.** If the cost of service in a building or the building's revenue potential don't meet a broadband company's return-on-investment benchmarks, that company will not request access. Furthermore, rental apartment building owners and residents have no legal right to demand deployment inside a building.[2] Conversely, even if every provider had the legal right to demand access to every building that it might want to serve, the providers would not have the capacity to build everywhere at once. In other words, it is providers who control the market, not property owners.

[2] There are some cable franchises that impose universal service obligations, but even these often contain exceptions, such as "commercial impracticability." The few remaining carrier of last resort and universal service obligations of telecommunications providers do not apply to broadband networks.

- **There is a lack of competition in the market today, but it is in the smaller, less lucrative buildings that "competitive" providers choose not to serve.** All providers prefer large properties with high income residents who will spend on premium services. This means that many buildings – especially smaller buildings in mid- to lower-income areas – are underserved. Furthermore, if a provider does request access to such a building, the provider gets it on very favorable terms. The Commission can best pursue its stated goal of extending the benefits of broadband service competition to more Americans by encouraging broadband deployment in underserved communities, including mid- to lower-income and rural areas. Helping new companies carve up the customer base on existing properties into smaller pieces does not address the root challenges to expanded broadband access.
- **Rental apartment owners want to offer residents a full range of advanced communications services and a choice of providers**. No choice of provider, poor service and poor signal quality all make a building less appealing to prospective and existing residents alike. The vast majority of owners want multiple wireline providers on their properties; they also do not want to limit wireless coverage. This is because resident turnover is significantly more costly to apartment owners than it is to providers, simply because of the respective scale of their businesses. The largest publicly-traded apartment owner in the country owns roughly 100,000 units.[3] Comcast, on the other hand, has over 22 million subscribers. If a resident chooses not to rent in a community or leaves a community because of poor communication services, the apartment community suffers a greater financial impact. In fact, research shows that the desirability of an apartment community is linked to its on-site internet service: Ninety-four percent of residents surveyed ranked high-speed internet as the top apartment feature.[4] Furthermore, most apartment building residents have access to two or more Internet service providers[5] but only 38% of Americans overall have such a choice.[6]
- **Rental apartment owners are not impeding access to broadband services**. As reported in NMHC's comments on the MTE NOI, a majority of rental apartment residents have access to two or more wireline broadband providers. This exceeds the proportion of all Americans who have access to two or more providers.[7] It is true that competitors are sometimes denied access for any number of legitimate reasons, just as it is true that providers often refuse to serve a building. And just as providers make decisions based on

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[3] *See* https://www.nmhc.org/research-insight/the-nmhc-50/top-50-lists/2018-owner-list/.
[4] 2017 NMHC/Kingsley Apartment Resident Preferences Survey.
[5] 2017 NMHC survey of apartment building owners.
[6] *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion,* 31 FCC 699, 736 (2016) at Table 6.
[7] *Improving Competitive Broadband Access to Multiple Tenant Environments*, NMHC Comments at 3; *Improving Competitive Broadband Access to Multiple Tenant Environments*, Hubacher & Ames Reply Comments at 3, 11, 13.

a range of factors, so do property owners. But there is no data – beyond cherry-picked anecdotes – to support a claim that rental apartment owners routinely, frequently, or without good reason, reject advances from broadband providers.

- **Apartment owners often bear or share broadband infrastructure costs**. The underlying issue is not access, but the economics of building broadband infrastructure. The critical questions have always been (i) what is the cost of the infrastructure; and (ii) who should bear that cost? Owners sometimes pay for infrastructure inside buildings, because they need to be able to address the demands of their residents. One of the functions of agreements between property owners and service providers is the allocation of infrastructure costs. In the days of monopoly telephone and cable providers and universal service obligations, this was easy: providers paid for and usually owned all the infrastructure. With the range of services, providers, technologies, and business models competing today, the situation is now much more complex. This complexity is the kind of situation that markets handle best; more intrusive regulation will not do a better job of promoting infrastructure deployment than the market.

B. The Commission's Existing Rules Are Sufficient.

- **The Commission's ban on exclusive building access agreements has been effective.** Some competitive broadband providers seem to suggest that exclusive access agreements remain a barrier to entry. This practice was banned a decade ago and in the highly unlikely case that a property manager tries to apply the invalid terms of an old agreement, the provider can remedy this easily. There are no exclusive access agreements being signed today, because the service providers do not offer, request, or accept exclusive access terms.
- **Exclusive use of wiring benefits residents because it helps protect the quality of service.**
  - The primary reason to permit owners to grant exclusive wiring rights is to assign responsibility for wiring maintenance; this in turn helps to ensure quality service. Without exclusivity, providers are less likely to invest in maintaining wiring that they share with a competitor, because every dollar spent on maintenance also benefits the competitor to some degree. If the same dollar can be spent elsewhere on a purpose that benefits only that provider, it has more value to the provider there than it does if spent on maintaining the shared wiring. Furthermore, property owners do not have the internal technical ability to maintain wiring and must pay a contractor for maintenance, ultimately raising costs and possibly harming service integrity. Allowing a single provider to control and use the wiring is economically and practically the most efficient way to manage the wiring asset.

    - Aside from the disincentives described above, proposals for mandating wire sharing are often impractical because not all providers use technically compatible wiring. For example, Verizon and AT&T both prefer to install their own wiring.
    - Competitors sometimes suggest that wire sharing should be required as a matter of fairness, because having to construct their own inside wiring raises the cost of competing. This is not unfair, however, because the property owner or an existing provider had to finance the existing wiring installation. In fact, private cable operators (PCOs) typically install their own wiring and they have been successfully competing with the large MSOs and phone companies in selling broadband and video for many years. If the PCOs can compete, so can newer broadband providers.
- **The concerns of competitive broadband providers regarding exclusive marketing terms are overstated.** Exclusive marketing agreements do not prevent competitive access. Many rental apartment properties are served by a provider with marketing rights and one or more providers without such rights. The first has made a judgment about the value of serving the property and is paying the owner to help with marketing. The others have made a judgment about the profitability of serving the property without the payment or the marketing help. Effective competitors with sound business plans can be profitable under more than one scenario.
- **Bulk billing remains an essential tool, especially for student and senior housing, and communities serving residents with low incomes.** It is hard to see how a market option that offers a guaranteed low rate is harmful to consumers. Yes, it is difficult to sell a full-price service to residents of a property who are already getting Internet access at a reduced rate under a bulk agreement. But existing law does not preclude a competitor from selling its own bulk product elsewhere. Furthermore, bulk billing arrangements deliver other valuable benefits to residents, such as automatic approval for service, no deposits, no service provider credit checks and no need to schedule an appointment with a technician to activate the bulk-billed services. The problem is not with bulk agreements, but with the business models of some competitors. Furthermore, if property owners agree to bulk service where it is not appropriate, residents will relocate and property owners will suffer the high turnover costs elaborated on earlier.
- **The best approach remains to let negotiations between owners and providers proceed.** Under the Commission's current rules, not every competitor is guaranteed access to every building. This allows both parties to allocate scarce capital where it is needed most. If Owner A refuses to allow a competitor in, the provider can spend that capital in Owner B's building. It would be unreasonable for the Commission to force property owners to build out communications infrastructure without imposing any parallel obligations on the communications industry, especially in the absence of any statutory authority. Furthermore, expecting owners to bear those costs, or to forego compensation that helps

them defray costs, merely puts upwards pressure on the overall cost of developing and operating multifamily housing and ultimately the rents paid by American families. This comes at a time when both policymakers and the multifamily industry are striving to address housing affordability challenges across the country.

MEETING TOMORROW'S HOUSING DEMAND

HOW PUBLIC POLICY AFFECTS APARTMENT DEVELOPMENT AND OPERATIONS AT EVERY TURN

37% of American households rent their homes[1]

11M new renter households formed in last decade[3]

42% of renter households live in apartments[2]

4M new renter households could form in the next decade[4]

ENVISION THE SITE

After identifying an area with high apartment demand, the development team looks for an underutilized site to create a new community. Once located, a team analyzes the economic viability of the property, looking at a variety of factors such as building and operating costs, taxes and local impact fees. The process also includes a detailed environmental, structural and geological analysis of the site to determine feasibility.

KEY POLICIES:

- Business taxes
- Impact fees
- Insurance
- Land preservation
- Municipal service fees
- Property taxes
- Retrofit and development incentives

(1) 2014 American Community Survey, 1-Year Estimates; (2) Apartments are defined as structures with 5+ units; (3) U.S. Census Bureau, Current Population Survey; (4) Harvard Joint Center for Housing Studies; (5) National Multifamily Housing Council Research, 2013; (6) U.S. Census Bureau, New Residential Construction

300–400K new apartments needed annually to meet demand[5]

yet only

208K apartments built on average per year from 2011–2015[6]

COLLABORATE WITH THE COMMUNITY

The development team works with architectural, design and engineering partners to create a property concept and site plan. Beyond adhering to local development rules, the final plan approval process typically involves a number of planning board meetings, community engagement sessions and plan revisions on everything from architectural style to on-site amenities.

KEY POLICIES:

- Energy efficiency
- Housing affordability
- Land use
- Inclusionary zoning
- Environmental regulations
- Telecommunications
- NIMBYism

(7) Newport Partners, LLC, and Virginia Polytechnic Institute and State University, "Impact Fees and Housing Affordability," June 2008; (8) Duncan Associates, 2012 National Impact Fee Survey

$7,000 in municipal savings per apartment home vs. single-family home[7]

$1,300 (Arkansas)

$18,800 (California)

additional cost per unit in impact fees assessed by local municipalities[8]

$133B average mortgage financing required annually for apartments over the past 10 years[9]

FIND THE FUNDS

In addition to providing its own capital, the development team most often has to find investment partners to help fund the project. Besides investors, the team must find lenders to provide short-term development and construction funds along with long-term mortgage financing. Lender willingness depends on property type, market and economic conditions.

KEY POLICIES:

- Housing finance reform
- Dodd-Frank
- FHA multifamily programs
- Low-Income Housing Tax Credit
- Historic preservation tax
- FHFA regulations
- EB-5
- FIRPTA

(9) Mortgage Bankers Association and Freddie Mac, 2015

GET BUILDING

The development team or a third-party general contractor undertakes the construction. Teams of tradespeople—framers, electricians, plumbers, carpenters, HVAC specialists and many more—work collaboratively to ensure the project is finished on time and to the highest quality and performance standards.

KEY POLICIES:

- Building and energy codes
- Environmental regulations
- Immigration
- Indoor air quality
- Employment and labor
- Safety regulations
- Accessibility
- Sustainability

(10) National Multifamily Housing Council; (11, 12, 16) National Apartment Association and National Multifamily Housing Council, 2015

PER **100** APARTMENT HOMES[11]

ECONOMIC ACTIVITY

NEW CONSTRUCTION

$8.8M in direct spending

206 total jobs supported

ONGOING OPERATIONS

$354K in direct spending

8 total jobs supported

RESIDENT SPENDING

$2.3M in direct spending

57 total jobs supported

2 to 10+ years time an apartment community takes to go from initial concept to development[10]

$1.3T total economic impact[12]

ROLL OUT THE WELCOME MAT

Before construction wraps up, the development team starts marketing the property and pre-leasing the units. An on-site team of community managers, leasing consultants and maintenance technicians—often along with support staff such as landscapes and lifeguards — ensure the new community's successful operation and resident satisfaction.

KEY POLICIES:

- Fair housing
- Health and safety inspections
- Labor and employment
- Data security
- Taxes
- Resident rights and protections
- Liability
- Retrofit and maintenance requirements
- Section 8
- Utility submetering and billing
- Terrorism insurance
- Flood insurance
- Emotional support animals
- Rental registration
- Mail and package delivery

(13) 2014 American Community Survey, 1-Year Estimates; (14) 2014 American Community Survey, 1-Year Estimates; (15) NMHC tabulations of 2014 American Community Survey microdata

38M apartment residents[14]

20.1M apartments in the U.S.[15]

12.3M jobs supported[16]

lease

801K more people lived in apartments in 2014 than in 2013[13]

SMART POLICIES

The country needs 300,000 to 400,000 new apartments each year just to keep up with demand – a number reached just once in the past decade. Through public/private collaboration, we can provide the right housing in the right place at the right price to create vibrant, healthy communities.

TO HELP MEET THIS DEMAND, THE APARTMENT INDUSTRY ASKS POLICYMAKERS TO:

- **ADDRESS THE GROWING SHORTAGE** of quality housing for America's workers
- **ENSURE RELIABLE SOURCES OF FINANCING** for apartments
- **SUPPORT ECONOMIC GROWTH** through sensible tax policy
- **REDUCE HOUSING COSTS** through legislative and regulatory reform
- **INVEST IN THE FUTURE** through sustainability incentives and technology
- **BALANCE ENVIRONMENTAL STEWARDSHIP** and economic growth

For nearly 25 years, the National Apartment Association (NAA) and the National Multifamily Housing Council (NMHC) have been partners in leading advocacy initiatives on behalf of America's apartment industry. Drawing on the knowledge and policy expertise of staff in Washington, D.C., as well as the advocacy power of nearly 170 NAA state and local affiliated associations, this unique partnership provides a single voice for developers, owners, financiers and operators of apartment housing on a variety of federal, state and local legislative and regulatory matters.

NATIONAL MULTIFAMILY HOUSING COUNCIL
Based in Washington, D.C., the National Multifamily Housing Council (NMHC) is the leadership of the trillion-dollar apartment industry. We bring together the prominent owners, managers and developers who help create thriving communities by providing apartment homes for today's 38 million Americans. NMHC provides a forum for insight, advocacy and action that enables both members and the communities they help build to thrive.

www.nmhc.org

NATIONAL APARTMENT ASSOCIATION
NAA is America's leading voice for the apartment housing industry and provides its members with the best range of strategic, educational, operational, networking and advocacy resources they need to learn, to lead and to succeed. As a federation of nearly 170 state and local affiliates, NAA encompasses over 69,000 members representing more than 8.1 million apartment homes throughout the United States and Canada. NAA's purpose is to enable every single one of its members to fulfill his or her professional goals with great competence, speed and the highest standards of ethics.

www.naahq.org

NMHC NATIONAL MULTIFAMILY HOUSING COUNCIL NAA NATIONAL APARTMENT ASSOCIATION

WEAREAPARTMENTS.ORG

APARTMENTS WORK

THE POLICYMAKER'S GUIDE TO RENTAL HOUSING

NMHC NATIONAL MULTIFAMILY HOUSING COUNCIL NAA NATIONAL APARTMENT ASSOCIATION

WEAREAPARTMENTS.ORG

STRONG COMMUNITIES

In communities across the country, apartments work – helping people live in a home that's right for them. Whether it's young professionals starting out, empty nesters looking to downsize and simplify, workers wanting to live near their jobs, married couples without children, or families building a better life, apartment homes provide a sensible choice to meet their specific housing needs.

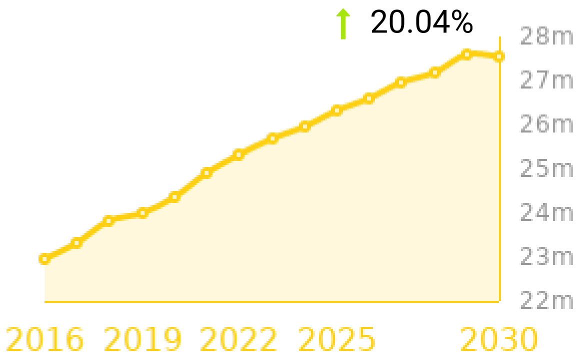
38M	20.1M	$1.3T	12.3M
apartment residents	apartment homes	to the economy	jobs supported

Apartment homes and their residents contribute $1.3 trillion annually to the economy. That's more than 12 million jobs in construction, operations, leasing, management and skilled trades as well as all the local businesses supported by neighborhood apartments and the millions who live there.

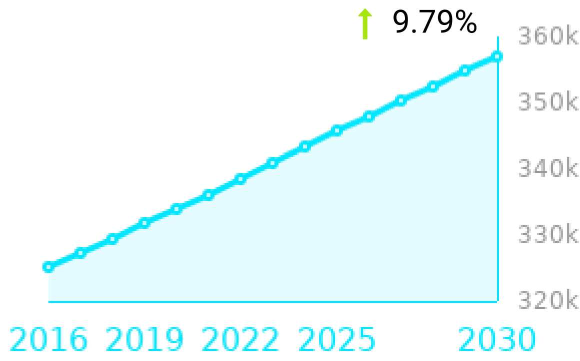
And demand continues to grow. In fact, 11 million more people rent than a decade ago, with upwards of at least 4 million new renter households forming by 2025. Apartments, and the jobs and dollars they generate, make our communities strong.

National

New research shows that demand for apartments is on the rise. Whether it's young professionals, couples, families or empty nesters, the country will see a demand for an additional 4.6m new apartment homes by 2030



Apartment Household Growth

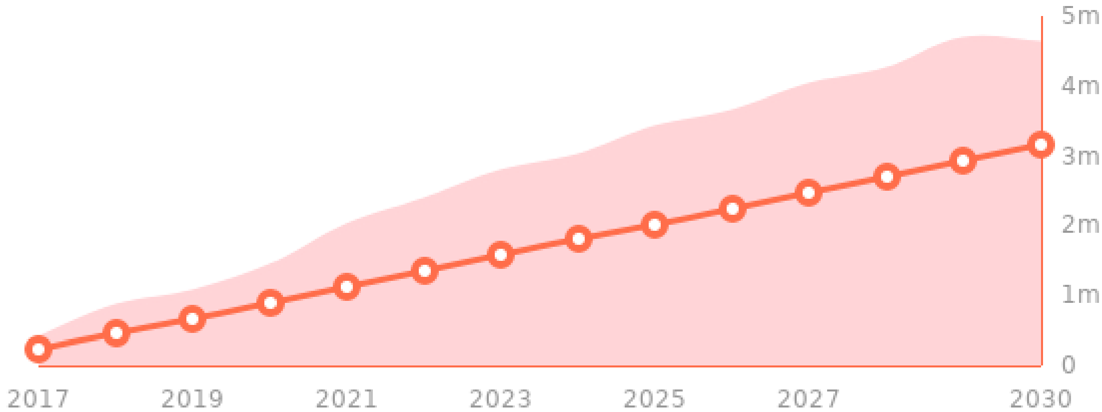


Population Growth

New Apartments Needed

Avg Annual Construction Rate (2011-2016)

4,598,379 Apartment Homes Needed in **the Country**



We Need to Build More

Apartment demand is growing and the industry needs to keep up. However, producing enough new apartments to meet demand requires new development approaches, more incentives and fewer restrictions

MARKET SNAPSHOT

38.8m	20.4m	$1.3t	12.3m
Apartment Residents	Apartment Homes	Economic Contribution	Total Jobs Supported

NMHC NATIONAL MULTIFAMILY HOUSING COUNCIL

NAA NATIONAL APARTMENT ASSOCIATION

APARTMENTS: A VITAL HOUSING RESOURCE

The apartment industry is a **robust $1.3 trillion industry that helps today's 39 million apartment renters live in a home that's right for them.** We offer housing choice, support local small businesses, create millions of jobs and contribute to the fabric of communities across the country. And we are increasingly important given the historic growth in renter households in recent years. That's good news. **Meeting that demand will create millions of jobs.** To get there, **we need new public policies that support the multifamily housing industry** and that don't make it harder for renters and their families to find the housing that makes sense for them and their community.

Booming Rental Demand

- Over one-third of American households rent their housing and 43 percent of those live in apartments.
- There are over 75 million people between 18-34 years old entering the housing market, primarily as renters.
- Meanwhile, the more than 74 million Baby Boomers are downsizing and some are choosing the convenience of renting. Fully 60 percent of the net increase in renter households from 2007 to 2017 came from householders 45 years or older.
- Demographics are changing our housing preferences. Married couples with children are now only 20 percent of households, greatly reducing demand for traditional single-family houses.

Demand Outstrips New Supply

- The U.S. needs to build at least 4.6 million new apartment units by 2030 to accommodate household growth and losses to the existing stock.
- Yet, supply has struggled to keep up with demand. 2017 was the first year that the number of apartment units delivered–347,700–exceeded the 328,000 needed to meet expected demand.

Growing the Economy and Creating Jobs

- In 2013, the nation's 19.5 million apartment homes and the residents who lived in them contributed $1.3 trillion annually to the economy. They supported 12.3 million jobs.
- That means apartments and the people who live in them contributed, on average, $3.6 billion a day to the economy.
- In 2013, new apartment construction produced $30 billion in spending, supported 702,482 jobs and had a total economic contribution of $92.6 billion.
- The same year, operating the nation's existing apartments accounted for 1.5 million jobs and a total economic contribution of $190.7 billion.
- Total apartment resident spending in 2013 totaled $406.0 billion, supporting 10.1 million jobs and a total economic contribution of $1.0 trillion.
- The collective economic impact of apartments and their residents continues to grow as construction begins catching up to demand.

A Strong Track Record

- The performance of the apartment industry stands in stark contrast to the single-family sector. The apartment industry did not overbuild and did not contribute to the housing meltdown.
- Importantly, delinquency rates for the GSEs' multifamily loans remain near or below 0.1 percent.

Find out how apartments are contributing to your state or metro area economy at www.WeAreApartments.org, where you can also use ACE—the Apartment Community Estimator—to see the economic impact of a given number of apartments in your state.